Congress of the United States
Washington, DC 20515

April 2, 2013

Mr. Jamie Dimon
Chairman, President, & CEO
JPMorgan Chase & Co.
270 Park Avenue
New York, NY 10017

Dear Mr. Dimon:

We write today to encourage you to take every available step to prevent online payday lenders from accessing funds from consumer accounts when they are clearly operating in violation of state law.

On February 23, 2013, the *New York Times* published an article entitled "Major Banks Aid in Payday Loans Banned by States" describing the lengths to which unscrupulous lenders will go to avoid state payday loan regulations.[1] According to the article, "[w]hile the banks . . . do not make the loans, they are a critical link for the lenders, enabling the lenders to withdraw payments automatically from borrowers' bank accounts, even in states where the loans are banned entirely." The article also reported that "[r]oughly 27 percent of payday loan borrowers say that the loans caused them to overdraw their accounts."

We were pleased to read JPMorgan Chase's recent press release announcing that Chase Bank will implement enhanced policies and procedures to better protect its customers who have borrowed money from Internet-based payday lenders.[2] Chase will now charge consumers only one "returned item fee" in a 30-day period if payday lenders make repeated attempts to withdraw a payment from an account but the attempts are rejected because of insufficient funds. Further, Chase will work proactively to uncover violations of the Automated Clearing House (ACH) system and report such findings to the appropriate authorities. Chase will also provide additional training to ensure that its employees comply with existing policies to fully honor instructions by customers to stop a payment and enable consumers to close their accounts, effectively preventing payday lenders from continuing to raid funds. Although these are serious steps to help combat the abuses of payday lenders, all banks can do much more to protect hardworking Americans.

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Too often families turn to payday lenders hoping to make ends meet, only to be hit with exorbitant interest rates that make these loans nearly impossible to repay. Borrowers can then become trapped in an endless cycle of debt. Although many states have established protections for those who borrow from payday lenders – such as imposing licensing requirements and limiting the amount of fees and interest that can be charged on these loans – many of these shadow lenders hide behind anonymously registered websites and "lead generators" to subvert state level lending laws. Banks should take every available step to prevent payday lenders from harming their own customers.

To help protect consumers from abusive payday lending practices, we introduced the SAFE Lending Act of 2013 (H.R. 990), which will:

- Ensure that consumers have better control over their own bank accounts by enabling consumers to prevent lenders from making automatic withdrawals and debits from these accounts;
- Require all lenders to abide by the small-dollar lending rules of a state in which they extend small-dollar credit;
- Ban lead generators and anonymous payday lending; and
- Increase enforcement authority to help stop offshore and other rogue small-dollar lenders who offer products in violation of state laws.

We are hopeful that Congress will quickly consider this legislation, but in the meantime banks can already take many of these steps on their own initiative. We therefore urge you to implement procedures to rectify the concerns raised in the February 23rd *New York Times* article, as well as block the withdrawal of funds by payday lenders in states in which they are operating illegally and in contravention of state laws.

Thank you for your consideration of this important matter.

Sincerely,

Suzanne Bonamici

Suzanne Bonamici
Member of Congress

Elijah E. Cummings

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Member of Congress

Cc: Brian T. Moynihan
Michael Corbat
John G. Stumpf
Richard K. Davis

Congress of the United States
Washington, DC 20515

April 2, 2013

Mr. Brian T. Moynihan
President and CEO
Bank of America Corp.
214 N. Tryon St.
NC1-027-20-05
Charlotte, NC 28255

Dear Mr. Moynihan:

We write today to encourage you to take every available step to prevent online payday lenders from accessing funds from consumer accounts when they are clearly operating in violation of state law.

On February 23, 2013, the *New York Times* published an article entitled "Major Banks Aid in Payday Loans Banned by States" describing the lengths to which unscrupulous lenders will go to avoid state payday loan regulations.[1] According to the article, "[w]hile the banks . . . do not make the loans, they are a critical link for the lenders, enabling the lenders to withdraw payments automatically from borrowers' bank accounts. even in states where the loans are banned entirely." The article also reported that "[r]oughly 27 percent of payday loan borrowers say that the loans caused them to overdraw their accounts."

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Sincerely,

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Member of Congress

Elijah E. Cummings
Member of Congress

Cc: Jamie Dimon
Michael Corbat
John G. Stumpf
Richard K. Davis

Congress of the United States
Washington, DC 20515

April 2, 2013

Mr. Michael Corbat
CEO
Citigroup Inc.
399 Park Avenue
New York, NY 10043

Dear Mr. Corbat:

We write today to encourage you to take every available step to prevent online payday lenders from accessing funds from consumer accounts when they are clearly operating in violation of state law.

On February 23, 2013, the *New York Times* published an article entitled "Major Banks Aid in Payday Loans Banned by States" describing the lengths to which unscrupulous lenders will go to avoid state payday loan regulations.[1] According to the article, "[w]hile the banks . . . do not make the loans, they are a critical link for the lenders, enabling the lenders to withdraw payments automatically from borrowers' bank accounts, even in states where the loans are banned entirely." The article also reported that "[r]oughly 27 percent of payday loan borrowers say that the loans caused them to overdraw their accounts."

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Congress of the United States
Washington, DC 20515

April 2, 2013

Mr. John G. Stumpf
Chairman, President, and CEO
Wells Fargo & Co.
420 Montgomery St.
San Francisco, CA 94163

Dear Mr. Stumpf:

We write today to encourage you to take every available step to prevent online payday lenders from accessing funds from consumer accounts when they are clearly operating in violation of state law.

On February 23, 2013, the *New York Times* published an article entitled "Major Banks Aid in Payday Loans Banned by States" describing the lengths to which unscrupulous lenders will go to avoid state payday loan regulations.[1] According to the article, "[w]hile the banks . . . do not make the loans, they are a critical link for the lenders, enabling the lenders to withdraw payments automatically from borrowers' bank accounts, even in states where the loans are banned entirely." The article also reported that "[r]oughly 27 percent of payday loan borrowers say that the loans caused them to overdraw their accounts."

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Mr. Richard K. Davis
Chairman and CEO
U.S. Bancorp
U.S. Bancorp Center
800 Nicollet Mall
Minneapolis, MN 55402

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